M/V CAPE WRATH and M/V CAPE WASHINGTON

LAY-UP PLAN

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A. LAY-UP OVERVIEW

Crowley Liner Services (CLS) is tasked with the responsibility of the Deactivation and Lay-up of CAPE WRATH and CAPE WASHINGTON after a period of operation. A thorough and proper lay-up is a necessary precondition to the successful future activation of these ships. The lay-up process is of critical importance whether the M/V CAPE WRATH or the M/V CAPE WASHINGTON is operational for brief periods, such as during no-notice activations or maintenance activations, or for significantly longer operational periods. After the operational period, the M/V CAPE WRATH or the M/V CAPE WASHINGTON will return to their lay-up berth (currently assigned to ROS-5 status and out-ported in the Port of Baltimore, Maryland). This Deactivation and Lay-up Plan, however, addresses a full RRF lay-up.

The Ship Manager has following responsibilities related to returning the ships to Phase IV lay-up.

In general during the lay-up sub-phase, the Ship Manager is primarily responsible for the necessary planning and preparation procedures including the development of lay-up procedures. The ship Manager shall execute the Operations Plan requirements ensuring that the vessel's crew detect and document all known material deficiencies accurately. In addition, CLS shall administer and supervise the performance of lay-up procedures, repairs and regulatory requirements.

The intent of this plan is to describe and discuss:

1. Procedures by which the Lay-Up Specifications shall be updated to reflect the vessel's condition and requirements following activation and/or operations;

2. Procedures for the issuance of RFQ's

3. Shipboard and shore-based procedures to prepare for lay-up

4. Lay-up contract administration and supervision

B. SPECIFICATION UPDATING AND ISSUANCE OF REQUEST FOR QUOTATIONS (RFQ) AND PURCHASE ORDER

1. Updating the Lay-Up Specifications

A comprehensive and up-to-date Lay-Up Specification is fundamental to the success of the lay-up process. Therefore, CLS will task the vessel's assigned Port Engineer, or assign an experienced Port Engineer to work closely with the MARAD COTR and ship's crew to draft up a lay-up and repair specification, or update the one we already have. This drafted/updated Lay-Up Plan and Repair Specifications incorporate MARAD's Standard Lay-Up Procedures (SLPs) for selected equipment and systems, provided in section 32 of TE-1, in addition to the items observed and identified during the operation. These standard SLP procedures are based on the latest technology, experience gained through using alternative lay-up techniques and from lessons learned during RRF ship activations and operations. However, each standard Lay-Up Procedures will be tailored to the vessel's specific characteristics, equipment and systems.

In addition to the Standard Lay-Up Procedures, material deficiencies will also be corrected as part of the lay-up process based on availability of funds. Repairs undertaken during lay-up are the ones mainly required to improve ship material readiness and reduce the probability of casualties occurring during subsequent activations and operations. Obsolete equipment including those are not part-supported or inefficient will also be identified for replacement/upgrade. Since equipment and system malfunctions are best detected under operating conditions, it is extremely important that all such material deficiencies be detected and accurately recorded by the vessel's operating crew so that corrective action can be taken or at least planned for future accomplishment. If determined cost effective and funds are available, major regulatory requirements including near term inspections and surveys will be accomplished during lay-up to avoid the need for a separate industrial period during Phase IV.

The Ship Manager is responsible for identifying and including all material deficiencies in the Lay-Up Specification. The Ship Manager will be continually updating the repair section of the Specification during Phase O (Operations) in order to include new items and delete items, which have been completed. In order to get the optimum results the Ship Manager will do the following:

1.1 The After Activation Report will be reviewed by the Ship Manager's Port Engineer and all lessons learned will be incorporated in the Lay-Up Specification, as appropriate.

1.2 The ship's engineering staff will forward all deficiencies noted during normal operation to the Ship Manager's RRF Port Engineer. Using this information the Ship Manager's RRF Port Engineer will update the MARTS program and develop specifications to correct these deficiencies. Those deficiencies that are not corrected as voyage repairs will be included in

the Lay-Up Specification.

1.3 The crew will perform procedures described in Section "S" of the Operations Manual during the final voyage and record the results. Any deficiencies noted will be forwarded to the Ship Manager's RRF Port Engineer for entry into the MARTS and to develop Specifications in preparation for lay-up.

1.4 A pre-lay-up sea trial will be conducted with the Ship Manager's RRF Port Engineer, the vessel's crew and the MARAD Sea Trial Team. Special attention will be given to identify and record deficiencies. The crew will also be debriefed in order to ensure that all deficiencies noted during operations are recorded. The Ship Manager's RRF Port Engineer will ensure that these items are properly written up and included in the Lay-Up Specification. Sea trial procedures will in accordance with Guidelines and Report Forms provided in Section 22 of the T.E 1, and are briefly discussed in Section D.2 of this Plan.

1.5 In addition, all of the ship's officers will provide the Master with a turnover letter before departure, which will cite deficiencies and offer recommendations within each officer's area of responsibility.

1.6 The Ship Manager will review the previous service reports from the manufacturers' representatives who have attended the vessel and have made recommendations for repairs or improvements.

1.7 The Ship Manager will update the Specification to reflect all USCG Form 835 outstanding requirements, operational Casualty Reports (CASREPs), ABS outstanding requirements or outstanding requirements of any other regulatory bodies. The Ship Manager will also review any near term regulatory survey requirements and with COTR/ACO approval, will include them in the Lay-Up Specifications.

1.8 The Specification will also be updated to reflect any vessel equipment or vessel class equipment upgrades as directed by MARAD.

2. Issuance of RFQ's and Purchase Orders

2.1 Overview

CLS will act as MARAD's agent in procuring industrial services for the lay-up of the vessel. CLS will utilize its MARAD approved Purchasing / Sub-contracting practices to obtain services. Industrial repair type services required to complete the lay-up will be obtained as economically as possible within the framework of the requirements and departmental regulations. The Ship Manager will endeavor to use fixed price contracts whenever possible. CLS has been authorized to execute contracts up $2,000,000 in fixed price contracts per the approved purchasing procedure. Authority to exceed the limits on fixed price contracts and time and material contracts shall be obtained from the cognizant MARAD South Atlantic Region ACO.

The Lay-Up Specification consists of several distinct work items. CLS will package the work items as one specification and will seek competitive bids by issuing a Request for Quotation to qualified contractors. CLS requires a minimum of three (3) responses from responsible bidders. The qualified contractor with the best value bid for the stated work item will be awarded a purchase order to commence work.

2.2 Procedure for RFQ Issuance

While the technical aspects of the Request for Quotation (RFQ) are the duties of the RRF Port Engineer and MARAD's COTR, the actual issuance of the Purchase Order, is the defined responsibility of the Contracting Officer and the Buyer at the Ship Manager's home office. The following procedures will be adhered to at all times:

2.2.1 The CLS Port Engineer will review the Lay-Up Specification and forward to the Senior Port Engineer / Director of Engineering and Contract Administrator for review.

2.2.2 After the home office review is completed, the Lay-Up Specification will be submitted to MARAD COTR for review. The estimated cost of the specification work items and the estimated time required to accomplish the specification will also be included.

2.2.3 Lay-Up Specification approved by the Ship Manager's RRF Port Engineer and MARAD COTR will be sent to the qualified contractors that have the capability and technical knowledge to carry out the work required in the time frame allotted. The (RFQ) package will consist of the following documents:

2.2.3.1 A clear and concise description of exactly what will be required of the work package. This may consist of the entire or portions of the Lay-Up Specification.

2.2.3.3 A time frame when the vessel will be available for all of the contractor's representatives who choose to bid on the work to visit the vessel. This may be the last discharge port prior to release from OPCON. If so, arrangements should be made with MSC.

The Ship Manager's Contract Administrator will contact MARAD ACO to verify that funding is available for this project and submit a copy of the cost estimates. After the Ship Manager's Contract Administrator has received a minimum of three (3) cost quotes for Lay-Up Specification work package, the Contract Administrator request funding from MARAD ACO and COTR for this work. Upon receipt of sufficient funding, a purchase order will be issued to the contractor.

Upon satisfactory completion of the work or during the interim periods as the work is completed, invoices will be submitted for payment.

C. SHIPBOARD PROCEDURES TO PREPARE FOR LAY-UP

The transition period from operations to lay-up is extremely important because it provides the Ship Manager, the vessel's crew and MARAD with the last opportunity. It is the only opportunity to observe the operation of the vessel, identify deficiencies and determine what additional items should be accomplished during the Lay-Up Phase in order to assure the highest probability of successful activation of the vessel in future.

A smooth orderly phase down requires close coordination between the vessel's crew and the Ship Manager's shore based staff. The Ship Manager's RRF Port Engineer will be responsible to ensure that both vessel's crew and shore staff are aware of the actions, which they must take once a vessel has been advised it will be removed from Phase O (Operations) and go into lay-up.

The following discussion assumes an extended operation. The procedures described may need to be revised if the vessel is operated for a limited period during a no-notice or maintenance activation or if activated for an exercise of limited duration. Changes in procedures will be discussed between the CLS Port Engineer and the COTR.

A Shipboard Lay-Up Preparation Crew Check-Off List, which is to be filled in by the Ship Manager's RRF Port Engineer per RRF operations Manual TE-1 shall be submitted to MARAD.

1. Disposal and/or Securing of Supplies and Equipment

1.1 Consumables and Outfitting

1.1.1 Upon receipt of notice to lay-up the vessel, the MARAD South Atlantic Region Office will advise the Ship Manager of where to redirect or ship outfit material including consumables and any replacement equipage. The Ship Manager will provide the MARAD COTR a copy of any outstanding outfit material orders for the vessel. These documents will clearly identify the specific ship and the outfit material on order. The MARAD Region will use the documents to record material receipt and then return them to the Ship Manager to support payment.

1.1.2 As part of the vessel lay-up, all consumables will be consumed to the maximum extent possible and arrange for the removal of the remaining. All hazardous, flammable and combustible items that are not consumed or returned to the manufacturer will either be transferred to an active RRF ship, turned over to the MARAD Region COTR or disposed of as directed by the COTR. See Section F for a discussion of the disposal of hazardous materials.

1.1.3 If transfer is not practical, a list of items to be disposed of will be prepared and submitted to the Ship Manger's home office. A copy of the survey list will be provided to the MARAD South Atlantic Region COTR.

1.2 Provisions

1.2.1 All lifeboat provisions will be removed and stored ashore in accordance with directions from the MARAD Region COTR.

1.2.2 Foodstuffs will not be stowed on board deactivated ships. Food items will be donated or disposed as found necessary in discussion with MARAD.

1.2.3 Any broached food (less container) meats and fruit procured from foreign markets will be disposed of at sea in accordance with MARPOL regulations by the ship's crew prior to arrival at the last port before lay-up. A complete list of the items disposed of must be prepared and signed by two (2) crewmembers and the ship's Master as witnesses to the disposal. The witnessed list of items will be attached to the prepared Survey Report in accordance with the RRF Ship Manager's Operations Manual. This list to be provided to the MARAD COTR on arrival.

1.2.4 A cooperative effort between the Ship Manager and MARAD South Atlantic Region Offices will be made to transfer any remaining long shelf life food items to any active RRF vessels in the immediate vicinity of the lay-up port. If such transfers are not practical, food items will be donated to local charities in accordance with the following procedures:

1.2.4.1 MARAD Region Offices or CLS will make the necessary arrangements for the charitable organization(s) to meet the ship and receive the food items. The arrangements will be documented and approved by a MARAD Region Office authorizing the donation.

1.2.4.2 Vessel's crew will prepare an inventory of food items to be donated. Inventory should be as accurate as possible, however, usage after inventory to be reconciled.

1.2.4.3 Vessel's crew will pack the foodstuff in a manner, which will ease difficulty in transportation and removal of the food.

1.2.4.4 Upon presentation of the authorized letter for donation, the Master or designated representative will execute the donation. Care must be taken not

to donate any food items that may be spoiled or otherwise contaminated. Receiving party will be responsible for any food items spoiled, contaminated or damaged following the turnover or transport to the charitable organization.

1.2.4.5 A copy of the inventory will be signed by the representative of the receiving organization and the Master or a designated representative. The signed inventory will be attached to the MARAD Region prepared "findings" and then be provided to the MARAD Region COTR.

1.3 Medical Supplies

1.3.1 Drugs and pharmaceuticals, including narcotics are not to be retained on board the vessel. Durable medical supplies such as bandages, splints, crutches, etc. will be retained on board and stored in the hospital space medical lockers. Items such as aspirin, cough medicine etc. with two (2) or more years of shelf life remaining may be transferred to another ship or disposed of.

1.3.2 Following procedures apply in all cases where the cost of medical supplies was reimbursed by MARAD:

1.3.2.1 CLS, with MARAD South Atlantic Region authorization, should dispose it through local Federal agencies authorized to receive all drugs and controlled substances.

Such agencies must be registered with the Drug Enforcement Administration (DEA), Department of Justice and be authorized to procure the particular controlled substances being transferred. The certification will include the registration number of the DEA Form 223, Certificate of Registration, issued by the DEA.

1.3.2.2 The Master or his representative will prepare an inventory list of drugs and controlled substances to be transferred; he and a representative of the receiving agency will sign indicating transfer. A copy of the signed removal inventory will be provided to the MARAD Region COTR.

1.3.2.3 A copy of the inventory of the medical supplies transferred will be signed by the representative of the receiving organization and by the Master or a designated representative. The signed inventory will be attached to the MARAD Region prepared "findings" and then be provided to the MARAD Region COTR.

1.4 Slop Chest

1.4.1 Slop Chest items are normally funded by MARAD. Slop chest items will be reduced as much as possible after receiving the notice to return to lay-up. The remaining items on arrival will be inventoried and a copy of the list will be handed over to MARAD COTR. Non-perishable items may e transferred or donated / disposed of as directed by MARAD-COTR.

1.5 Weapons and Ammunition

1.5.1 Upon lay-up a 100% serial number inventory of MSC provided small arms will be conducted by the CLS representative. CLS will then arrange to have the weapons and ammunition returned to the custody of MSC or another designated Navy activity. A record of all such transfers including a full description of the weapons and serial numbers will be pro vided retained indefinitely at the MARAD Region Office.

1.6 Technical Publication and Drawings

Upon lay-up CLS will inventory index and place all technical manuals and engineering drawings in secure stowage to insure they will be available for future use. Technical documentation is not to be removed from the ship except upon transfer of the associated equipment or upon specific direction of Reserve Fleet personnel.

1.7 Government Furnished Property

Government Property includes all property owned by or acquired by the Government and property acquired by the Ship Manager's for the Government, when the cost has been reimbursed by the Government. With the exception of personal property brought on board RRF ships and CLS provided items, all material is Government Property including outfit material (i.e. consumable, expendable and non-expendable), spares and food provisions. Under the Ship Manager's Ship Management contract, the Ship Manager is Property Custodian for the ships and the Ship Manager is responsible for the custody and security of all GFP on board the M/V CAPE WRATH and the CAPE WASHINGTON. As Property Custodians, the Ship Manager will:

1.7.1 Maintain current custodial records and process necessary documentation with the MARAD Region Accountable Property Officer (APO) to support all transactions, which change these records.

1.7.2 Ensure GFP is accorded proper care and security and is used only for official purposes.

1.7.3 Submit reports of any property known to have been lost, damaged or destroyed.

1.7.4 Assist with physical inventories to reconcile property accounting records.

1.8 Controlled Equipage

The Ship Manager will place all Controlled Equipage under secure stowage and provide the list if stowage locations to the MARAD COTR. Additionally, the Ship Manager will submit a special Controlled Equipage lay-up inventory, conducted in conjunction with MARAD-SAR Logistics Department, to the MARAD Region COTR including nomenclature, quantities on hand and serial numbers. The Ship Manager's procedures for signature control of controlled equipage are included in Logistics Management Manual TE-5. CLS will take special care to ensure that equipment and/or supplies which are likely to be pilfered will be secured in sealed storage boxes in locked and/or sealed spaces and are properly inventoried. This includes but is not limited to ship's tools, machinery fittings and supplies and navigational equipment that are not included in Controlled Equipage.

2. Procedures for Securing Plant and Machinery

During the final weeks of operation the crew will perform certain actions in order to prepare the vessel's machinery and other systems for lay-up. It will be the Chief Engineer's responsibility to insure that these procedures are carried out.

2.1 Operational Procedures: Machineries including Main propulsion System, Ship's Service Diesel Generators, Auxiliary Boiler, Waste Heat Boiler, Fresh Water Evaporator, Piping Systems, Ballast System, Cargo Gear and Equipment, Electronic Gear and Safety Equipment shall be operated in accordance with procedures provided in Section "S"pages 3-8 in the Operations Manual.

2.13 Oil Samples: Prior to arrival at the deactivation location, draw lube oil samples from all systems as per the equipment listed the systems listed Section "S" of the Operations Manual. All samples shall be marked with information marked in the Section "S" of the Operations Manual. The samples should be drawn when the machinery is operating and from the pressure side of the system. On arrival the samples should be submitted to the laboratory as per instructions in Section "S" of the Operations Manual.

3. MARTS Updating and Reporting to the Ship Manager's Office

The Chief Engineer shall forward all discrepancies found during these pre-lay-up procedures to the Ship Manager's RRF Port Engineer as soon as it is available by telex/fax. The Ship Manager's RRF Port Engineer shall update the MARTS based on this information.

4. Redelivery From MSC OPCON

When so notified, the Ship Manager will accept the tender of the M/V CAPE WRATH and CAPE WASHINGTON from the Military Sealift Command (MSC) on behalf of the Maritime Administration (MARAD).

This change in ship phase shall subsequently be documented in writing between the Ship Manager and the MARAD Region. The date, time and location of the change will be committed to writing and signed by both the MARAD Region and the Ship Manager's authorized representatives.

5. Phase Down of Crew

The ship's crew, except for key personnel mentioned below will be discharged following the M/V CAPE WRATH and Cape WASHINGTON's return to its lay berth at its out-port berth in Baltimore, MD and following the completion of pre-lay-up testing.

To insure an orderly phase out of crew, the Ship Manager, with the concurrence of the COTR/ACO, shall retain the full crew (with the exception of the Master) for one full day after arrival and shall then reduce the manning level down to the ROS crew of nine (9). The Master shall be retained for two days after the arrival of the M/V CAPE WRATH and CAPE WASHINGTON. All personnel will help to further ensure that all known deficiencies that surfaced during operations are accurately recorded and that their operational experience is passed on to the Ship Manager's shore staff.

During crew phase down the Master, Chief Engineer, First Assistant Engineer and the Steward's Personnel will have the following responsibilities:

Master: The Master shall oversee the transition from operations to lay-up. His duties shall include:

1. Completion of all ship's records and reporting including voyage reports, engine and deck logs.

2. Sign-off of crew and final voyage accounting including crew payroll and the slop chest.

3. Finalization of all personnel matters including reports on crew injuries and claims.

4. Organizing vessel documents and logs. The Master shall prepare a complete list of vessel documents and logs. He shall lock the documents and logs in the ship's safe and provide the document list and the combination to the ship's safe in a sealed envelope to the Ship Manager's Port Engineer.

5. The Master shall meet with the vessel's department heads and review the vessel deficiencies encountered during the voyage. These deficiencies with recommendations will be given to the Ship Manager's Port Engineer.

Chief Engineer - The Chief Engineer will supervise the preparation of the ship's machinery and systems for lay-up. His duties include:

1. Collect all repair items, update MARTS and fax repair/discrepancy list to Ship Manger's Port Engineer.

2. Ensure that all machinery preparation for lay-up not completed during the final leg of the voyage have been completed.

3. Oversee the stowage of spare parts and engine consumables in coordination with the Ship Manager's Port Engineer.

4. Ensure that all Engineering Department records and logs are in order and up-to-date. Engineering logs shall be turned over to the Port Engineer.

First Assistant Engineer - The First Assistant Engineer shall assist the Chief Engineer in the preparation for vessel lay-up. He shall also coordinate inventorying of the ship's equipment and supplies.

Steward's Department Personnel - The Steward's Department Personnel shall ensure that the M/V CAPE WRATH and CAPE WASHINGTON 's accommodation spaces are clean and orderly prior to entering the lay-up facility. They shall inventory steward's department equipment and supplies and will coordinate with the Ship Manager's Port Engineer regarding the disposition of remaining provisions.

Prior to the discharge of crew and key personnel, the Ship Manager's Port Engineer will conduct an inspection to confirm that all provisions, particularly perishable items, medicine and pharmaceutical and controlled equipage have either been suitably disposed of or are separated for removal and

weapons transferred as discussed previously in this Section.

All ship's officers should provide a turnover letter to the Master upon departure from the M/V CAPE WRATH and CAPE WASHINGTON. The letter shall cite deficiencies and offer recommendations within each officer's respective area. The Master will forward copies of all turnover letters to the Ship Manager who will provide copies to the Regional COTR and MARAD Headquarters (MAR-742). A copy of each letter will be retained in the ship's file.

D. SHORESIDE PROCEDURE TO PREPARE FOR LAY-UP

CLS Port Engineer will complete shore Staff Lay-Up Preparations Check-Off List and Survey Report as per the MARAD RRF Operations Management Manual Section TE-1.

1. Shore Staff Responsibilities

1.1 Lay-Up Coordination

Close coordination between the Ship Manager, MARAD, the appropriate regulatory bodies and the lay-up contractor is important to the success of the lay-up of the M/V CAPE WRATH and the M/V CAPE WASHINGTON. The Ship Manager's Contracting Officer and RRF Port Engineer will work together to ensure that the lay-up procedures and repairs are communicated to all pertinent parties and that all necessary approvals are received. Ship Manger's Contact and Telephone List is provided in Appendix 1. Contact names and telephone numbers for MARAD, regulatory bodies and contractors are provided in the Activation Plan as well as the Operational Plan.

Prior to lay-up, CLS Port Engineer will notify the local USCG and ABS representatives of ship lay-up plans. This notification will include planned repairs plus any repairs that have been completed by the crew requiring regulatory tests or inspections. With the concurrence of the COTR/ACO the Port Engineer will schedule any other regulatory tests, inspections and surveys to be performed during lay-up as discussed in Section "B". The ABS/USCG MOU requirements will also be discussed and scheduled.

1.2 Return of Ship to Out-port

The Ship Manager will arrange for the return of the vessel to the out-port facility at the Port of Baltimore, Maryland, or in the case deep lay-up the shipyard where the lay-up work is to be accomplished. The Ship Manager's Contract Administrator and the Port Engineer will coordinate with the lay-up contractors and the terminal operator to ensure that the out-port facilities are ready and appropriate to receive the vessels.

1.3 Reporting

The Ship Manager will provide an Operations After-Action Report including lessons learned within ten (10) days of completion of Phase O. At a minimum this report will include:

1. A brief operating history of the ship since activation

2. Summary of operating casualties

3. Problems (and if applicable recommendations for correction)

4. Copies of voyage summary sheets and abstracts

5. Listing of deferred voyage repairs and recommendations

6. Cost summary

7. Constructive comments, photographs and anything that adds to the completeness and clarity of this report

8. Sea trial report

2. Pre Lay-Up Testing and Inspections

Pre-lay-up testing and inspections provide an excellent opportunity to determine the condition of ship's systems and to identify any malfunctions and material deficiencies that were not detected by operating crews. The collected performance data will also serve as a basis for trend analysis during other operating periods such as maintenance activations.

Depending on MARAD approval, the Sea Trials described below may be performed by the vessel's crew on the passage back to the vessel's out-port. If a sea trial not practical, tests that can be performed dockside shall be performed following the arrival of the vessel at the out-ported facility. MARAD Trial Board will board the ship and coordinate testing with the Ship Manager's RRF Port Engineer.

The extent and timing of this testing and inspection will be determined by the length of the operational period and by the location of the ship's redelivery from MSC. The testing described below is based on extended vessel operation. If the vessel has been activated for an exercise of moderate duration, the procedure discussed may be modified as appropriate with the approval of the COTR/ACO. In the case of a no-notice test activation depending on the vessel's duration of lay-up a sea trial may not be required.
The need for sea trial, dock trial and testing must be judged based on the then condition and documented discrepancies / repairs, without incurring unnecessary expense or resulting in needless delay. Changes in these procedures will be discussed with the COTR/ACO and their approval received prior to modifying the approved Lay-Up Plan.

2.1 Material Condition Survey

Prior to returning to the vessel's out-port, the CLS Port Engineer and the COTR or his representative will conduct a Material Condition Survey of the M/V CAPE WRATH and CAPE WASHINGTON to reasonably assess ship condition following operations. A copy of form MA-58 to be used in the survey. In addition a detailed Survey Report will be prepared and included. Any deficiencies not entered already in the MARTS, shall be entered by the Port Engineer.

2.2 Sea Trial

As soon as practical following the turnover from OPCON, the vessel may proceed on a 24-36 hour sea trial period during the voyage from the last cargo port to the lay-up facility. MARAD Trial Board will come aboard the vessel to participate in the trials. The agenda for sea trial activities shall be as per MARAD Trial Agenda and sea trial Report Form provided in Section 22 of TE 1. Data will be collected by ship staff under the direction of the Port Engineer, and provide to MARAD-COTR. Upon satisfactory completion of all trials and with the agreement of the MARAD Trial Board, if present, the vessel shall proceed to the designated lay-up facility or temporary lay-berth as applicable.

CLS will arrange for technicians to perform vibration analysis of rotating machinery and thermographic analysis on shipboard electrical systems and equipment. CLS Port Engineer will evaluate the reports of these analyses and integrate in the Sea Trial testing report.

E. LAY-UP SUPERVISION AND CONTRACT ADMINISTRATION

M/V CAPE WRATH and CAPE WASHINGTON may be converted to ROS or RRF status as desired by the MARAD. This Plan, however, could address RRF-10 or RRF-20 Lay-up Plan.

The estimated time for accomplishing the M/V CAPE WRATH or CAPE WASHINGTON lay-up is twenty (20) days. Additional time may be permitted to comply with ABS and/or USCG regulations or to accomplish additional work assigned by MARAD-COTR.

1. Actions to Ensure that the Lay-Up Specifications are Completed

1.1 The Ship Manager's Contracting Officer and the Buyer will administer purchase orders subject to the approval of the MARAD Region ACO. CLS home office will coordinate with the Port Engineer who will supervise the industrial effort.

1.2 CLS Port Engineer will accept Condition Reports, negotiate Change Orders and initiate additional Growth Items for inclusion in to the Shipyard Package. CLS Port Engineer has on-site authority to negotiate and settle and sign Change Orders.

1.3 The Port Engineer will accept completed work, resolves claims and contract close out. CLS Port Engineer will promptly report any proposed modifications to the MARAD Region COTR and CLS home office.

1.4 CLS Port Engineer will provide daily on-site supervision for the duration of the contract. CLS will provide adequate staffing to ensure that appropriate supervision is provided.

1.5 CLS Port Engineer will document his daily activities in the Project Administration System (PAS). He will record all activities including ship phase status change, interpretation of specifications, shipyard problems, daily weather, the number of workers on site, other ships working and all incidents and discussions with the contractor. Variation in specifications, growth items and change in work scope will be recorded in the PAS.

1.6 CLS Port Engineer duties:

1.6.1 Track and monitor the use of labor and material growth items during the entire industrial period.

1.6.2 Coordinate the utilization of growth items with MARAD Region COTRs and keep them advised of the status of vessel repairs.

1.6.3 Negotiate and execute Change Orders, daily reports and weekly reports.

1.6.4 Submit all Change Orders and reports to the MARAD COTR through CLS home office.

1.6.5 Communications with regulatory body representatives, schedule and witness tests, surveys and inspections.

1.6.6 Determine percent of work completion for progress reporting.

1.6.7 Prepare all cost estimates for changes.

1.6.8 Interpret specifications.

1.6.9 Accept/reject all work.

1.7 Monitor substitution of services and materials. All substitutions shall be governed by the terms and conditions negotiated and accepted in the specifications.

1.8 CLS Port Engineer shall immediately notify the MARAD Region ACO in writing through CLS home office of all claims or protests by or against the facility providing industrial assistance or any other matters in dispute. Such notification will include the Ship Manager's position on the matter and the appropriate documentation to substantiate the position. Resolution of such claims shall be governed by the accepted terms conditions in the specification.